REMARKS

Financial reporting requirements have become more stringent with liability being imposed on officers, directors and service providers to large corporations that consist of a plurality of related companies. The Sarbanes-Oxley Act has been interpreted by the SEC to impose positive duties on board members.

To evaluate the performance of such corporate structures, consolidated accounting rules have been imposed to in effect treat the individual companies making up the corporate structure as a single group corporation.

The present invention is directed to innovative improvements in this particular area to facilitate the prompt and timely integration of consolidated financial reports that cover the performance of a number of related companies without being burdened by intra-related company transactions of credits and debits.

The Office Action noted that computerized billing and payment systems and various methodologies had been made electronically available and cited in particular the *Lamm* (U.S. Patent No. 6,078,907) in combination with *Crooks et al.* (U.S. Patent No. 5,943,650) to reject each of the original Claims 1-15 under 35 U.S.C. §103.

In combining such references under the dictates of *KSR International Co. v. Teleflex, Inc.*, there is a specific requirement that the analysis be made explicit and the Examiner still bears a burden of providing a rational reason that would have prompted a person of ordinary skill in the relevant field to combine such references to function in the same manner that the claims under examination provide.

As set forth in MPEP 2142,

> To reach a proper determination under 35 U.S.C. §103, the examiner must step backward in time and into the shoes worn by the hypothetical "person of ordinary skill in the art" when the invention was unknown and just before it was made. In view of all factual information, the examiner must then make a determination whether the claimed invention "as a whole" would have been obvious at that time to that person. Knowledge of applicant's disclosure must be put aside in reaching this determination, yet kept in mind in order to determine the "differences," conduct the search and evaluate the "subject matter as a whole" of the invention. The tendency to resort to "hindsight" based upon applicant's disclosure is often difficult to avoid due to the very nature of the examination process. However, impermissible hindsight must be avoided and the legal conclusion must be reached on the basis of the facts gleaned from the prior art.

The *Lamm* patent purportedly provides the basic structure of our claimed invention and seeks to assist customers who electronically receive bills in a safe and secure manner. As the background information in Columns 1-4 of the *Lamm* patent disclose, the issues addressed revolve around a secure utilization of the Internet between a consumer and the billing entity. See Column 3, Line 61:

> There is a need for an electronic bill payment system and method that is easy to use, fast, secure, private, and that fits well with existing processing centers and electronic billing formats. The system should replace the use of existing paper bills and checks to reduce the printing, processing, and postage costs of paper billing. The system should be able to send and receive billing and payment information over the Internet or phone lines with little exposure to security or privacy risks. The system should also be simple for consumers to use and should allow the consumer to view bill information on a computer in an understandable format. Finally, the system should allow consumers to quickly down-load and view bills on their computers without long delays in receiving bills from on-line resources.

Lamm purportedly accomplishes this purpose by permitting the customer to initially receive software to enable a communication through the Internet with an electronic post office server that can link with a billing/processor computer system. The customer can enroll into this

billing system through an enrollment server 21 as shown in Figure 1, and will receive software that can contain two separate groups of databases, unsecured billing information and secured billing information. The unsecured billing information can be standard bill component files and a billing history database.

Accordingly, graphical image and text files that are used to generate the conventional paper bills can be stored on a consumer's computer and then subsequently supplemented with the billing information for a particular time period so that a replication of the paper bill is then provided to the consumer. See Column 5, Lines 49-64, Figure 2.

The electronic post office acts as a dedicated e-mail server for permitting the transit of both the billing and payment instruction messages between the consumer and the billing party. Purportedly, the electronic post office can have a dedicated communication link to avoid the hazards associated with standard SMTP e-mail (Column 6, Lines 62 to Column 7, Line 4).

In functioning, the electronic post office provides privacy and security by causing a redaction in the consumer information so the consumer remains anonymous, including the payment instruction messages from a consumer. As noted, the billing messages and the payment instruction messages are not stored on a long time basis in the electronic post office. (See Column 7, Lines 19-23).

Thus, the *Lamm* reference teaches to a person of ordinary skill in the field to provide software to the consumer with an intermediary electronic post office so that only partial billing information needs to be sent, thereby facilitating a quick transmission while the identity and billing amounts and perhaps more important, the pay instructions to specific accounts of the consumer, remain secure from computer hackers. The consumer receives a bill in the same format that the consumer has been used to, but is provided the ease of paying electronically

while the billing party eliminates postage and paperwork and presumably receives an earlier payment of funds.

The Examiner, to comply with MPEP §2142 noted above, bears the difficult task of evaluating the entire subject matter of the *Lamm* patent for what it would teach to a person of ordinary skill in the field and in identifying the claim elements, keeping in mind the "differences" that exist with the present invention as defined by the claims.

The Office Action purportedly performed this task by contending that a claim element of a first receiving device or unit, for example Claim 1, was taught by the subject matter in Column 4, Liens 10-14 as follows:

> The method may comprise receiving from a billing party an electronic bill file, preparing a redacted bill file from the electronic bill file by redacting selected secured billing information from the electronic bill file, sending the redacted bill file electronically to the billed party...

As can be readily appreciated, we have defined in our claim a receiving unit that receives billing data <u>for appropriation and consolidation accounting</u> and billing data <u>not for appropriation and consolidating accounting</u>. Our claim element defines two different types of billing data that can be received and subsequently processed.

The teaching in the cited portion of the *Lamm* reference, however, is directed to simply redacting information from a bill and sending the redacted bill electronically to the billed party. There is no description of two different types of billing information to be received, nor is the billing information associated with the requirements of consolidated accounting of our present invention.

Additionally, the terminology "redacted" means removing a portion of the whole, while sending or transmitting the remainder. Here redacted in the context of *Lamm* refers to the

normal consumer bill that is to be reconstituted in its entirety at the consumer's side. Thus, actually the full content of the bill has been provided to the consumer and the redacted portion simply refers to repetitive conventional formats, graphics and text, that would be found in a printed bill. This material has already been provided in software to the consumer and the "redacted" actual billing sum would be forwarded through the electronic post office to the consumer. There is no actual redaction received at all by the consumer since the normal bill is received by the consumer and redaction is only in a theoretical sense of removing conventional repetitive text and graphics which already exists and is recombined before the customer views the bill on his/her computer screen.

It is respectfully submitted that the requirements of MPEP §2142 have not been complied with.

The Office Action further contended that our exclusion unit was taught by *Lamm* in Column 4, Lines 17-20, as follows:

> Throughout this specification, "redacting" will be used to refer to any method of removing, deleting, or editing the secured billing information from the full billing information of the electronic bill files.

As can be determined, however, the inventor Lamm is being a lexicographer and defining what the term redacting of "secured billing information" from the full billing information means. Note, there is no teaching of removing the entire bill so that it is excluded. Redacting again, only refers to removing a portion of the entire full billing information.

The *Crooks et al.* reference discloses a computerized bill consolidating system that could be utilized, for example on behalf of a utility, to permit corporate customers having utility bills generated at a number of different sites, to directly access a host computer over the Internet and to authorize payment as a collective bill amount.

The Office Action specifically contended, for example with regards to Claim 1, that the *Crooks et al.* reference disclosed a second receiving unit in Column 4, Lines 55-63, as follows:

> With billing information having been received into host computer 20 and/or the database provided within data storage device 28, billable entity 34 is, at step 230, provided with remote electronic access to the billing information in host computer 22. Remote access is preferably provided through a remote computer, such as the one shown in FIG. 6, which is linkable with host computer 22 through a protocol such as one suitable for use within an Internet-based system.

Actually, the host computer receives bills from any billable entity which could be one or more entities. It simply provides remote electronic access for reviewing an authorized payment for bills stored in the host computer.

The Office Action further contended that *Crooks et al.* disclosed a notification unit, citing Column 5, Lines 3-5 and 8-11, and finally Column 6, Lines 27-33. A close reading of these sections of the *Crooks et al.* reference discloses that the host computer simply facilitates electronic payment and the billable entry can access the stored billing information in the host computer and authorize payment through the billable entries bank or financial institution.

The Office Action further contended that the *Crooks et al.* reference also taught an exclusion list that was not found in the *Lamm* reference. Purportedly, *Crooks et al.* disclosed an exclusion list equivalent to the description of our Claim 4, as found in Column 6, Lines 45-47 and Column 7, Lines 34-37. The actual disclosure in *Crooks et al.* suggests there is "a tolerance parameter" which modifies the billing procedure to alert any unusual increase in bills or decrease in bills or other parameters that would require a closer inspection before they would be added to the total bill on the host computer.

Such tolerance parameters could be that the bill goes up higher than say 50% at one site and further processing and verification would be called for by the billing entity before posting it

in the accumulated total bill on the host computer. This is a pro-active measure to prevent complaints from the billable entity, but does not suggest that there will be an elimination of the bill from being hosted on the host computer, for payment. It just simply provides guidelines for reviewing bills.

> It is the Examiner's burden to establish *prima facie* obviousness. *See In re Rijckaert*, 9 F.3d 1531, 1532 (Fed. Cir. 1993) Obviousness requires a suggestion of all the elements in a claim *(CFMT, Inc. v. Yieldup Int'l Corp.*, 349 F.3d 1333, 1342 (Fed. Cir. 2003)) and "a reason that would have prompted a person of ordinary skill in the relevant field to combine the elements in the way the claimed new invention does." *KSR Int'l Co. v. Teleflex Inc.*, 127 S. Ct. 1727, 1741 (2007). Here, we find that the Examiner has not identified all the elements of claim 1, nor provided a reason that would have prompted the skilled worker to have arranged them in the manner necessary to reach the claimed invention.
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> *Ex parte* Karoleen B. Alexander, No. 2007-2698, slip op. at 6 (B.P.A.I. Nov. 30, 2007)

The Office Action has disregarded the actual claim language used by applicant in the claims at issue and has attempted to combine two billing systems that simply facilitate paying bills over the Internet by customers.

Our claim elements are directed to an accounting reporting issue of consolidated financial reports that must take into account transactions between related companies. Our invention is not concerned with an electronic post office, nor a deletion of text and graphic features from a paper bill, nor is our invention concerned specifically with the application of tolerance parameters to permit reviewing of one bill before it is added to the total bill.

Our invention is directed to bills that are issued and credited between related companies in an all electronic format. The purpose of the elements in our claims are to cooperate and facilitate segregating thousands of transactions to provide reliable financial information for the

generation of a consolidated financial report. Applying the respective *Lamm* and *Crooks et al.* teachings would not meet the functioning of the present invention.

The guidelines that have been issued by the U.S. Patent Office after the *KSR International Co. v. Teleflex, Inc.* decision requires the respective functions defined in the *Lamm* reference, that is redacting text and graphics from a bill because such information has already been delivered to the customer in software, and then providing the actual figures of the bill to be reconstituted at the customer's computer, should not be changed, so that these functions would operate in the same form of the elements that are taught by the *Lamm* disclosure.

Likewise, the functions defined in the *Crooks et al.* disclosure, including tolerance parameters, that does not remove the total bill but only requires further verification of any addition to that bill should also be utilized without a change in those particular functions.

Our recent discussion with Pinchus Laufer in the Office of Patent Legal Administration, who was involved in writing the Examination Guidelines for Determining Obviousness under 35 USC § 103 in view of the Supreme Court decision in *KSR International Co. vs. Teleflex, Inc.* verified that the KSR decision still required a specific rationale that could not be based on hindsight for purportedly combining the elements in the prior art to meet an invention defined in the patent claims.

For this reason, Mr. Laufer incorporated the following from the existing MPEP into the Guidelines.

As noted in the MPEP at §2143.02:

> A rationale to support a conclusion that a claim would have been obvious is that all the claimed elements were known in the prior art and one skilled in the art could have combined the elements as claimed by known methods <u>with no change in their respective functions</u>, and <u>the combination would have yielded nothing more than predictable results</u> to one of ordinary skill

> in the art. *KSR International Co. v. Teleflex Inc.,* 550 U.S. ___, ___, 82 USPQ2d 1385, 1395 (2007); *Sakraida v. AG Pro, Inc.*, 425 U.S. 273, 282, 189 USPQ 449, 453 (1976); *Anderson's-Black Rock, Inc. v. Pavement Salvage Co.*, 396 U.S. 57, 62-63, 163 USPQ 673, 675 (1969); *Great Atlantic & P. Tea Co. v. Supermarket Equipment Corp.*, 340 U.S. 147, 152, 87 USPQ 303, 306 (1950). (underline added)

Applicant has further amended our claims to accelerate the prosecution of this application. In this regard, our receipt notification receiving unit and our exclusion unit have been further defined in our current claims.

The present invention provides the capacity to categorize received billing data so that it is not for appropriation in a consolidated financial report and a receipt notification which indicates reception of the billing data is sent to the bill issuing device. An exclusion unit can then exclude the billing data based on this notification from being subsequently appropriated for a consolidated accounting in a financial report.

Thus, the bill issuing device can quickly eliminate credits appropriated on the basis of a commercial transaction between individual corporations within a group corporation and quickly prepare a financial report for the entire group corporation with respect to investors. See Figures 5 and 6 as representative of the desired final goals of our present invention. Reference can be made, for example to Figure 1 and the appropriation unit 300 as described on Page 21, Line 17 through Page 24, Line 8 of our present specification.

The *Lamm* reference taught a processor computer 20 receiving billing data transmitted from the billing party legacy computer 24 and then subsequently transmitting the resulting billing data to the consumer computer 12 after removing certain redacted information. Basically, the Office Action contended that this redaction of the processor computer could correspond to the exclusion unit of the present invention.

Applicant respectfully disagrees with this assertion since regardless of the content of the billing data or the characterization of the billing data, information that is pre-designated by a program stored in the computer is removed from the received billing data. See Column 10, Lines 48-52. This function does not occur in our present invention, where the characterization of the billing data determines if the billing data is completely removed to further the purposes of a consolidated financial reporting.

Thus, there is a distinct difference in both performance and function taught by our present invention and that of the *Lamm* disclosure.

Certainly the *Lamm* reference does not disclose a structure corresponding to the receipt notification receiving unit of the present invention while billing data is excluded as specified by a receipt notification which is outputted from the bill receiving device and received by the receipt notification receiving unit and the specified billing data is then excluded from being appropriated.

Likewise, the *Crooks et al.* reference does not disclose nor suggest the features of a receipt notification receiving unit and the exclusion unit of the present invention.

The dependent claims add features that are not taught nor suggested in the references of record.

The newly drafted dependent Claim 17 utilizes a means for claim element consistent with MPEP §2182.

The MPEP §2182 states that "application of a prior art reference to a means or step plus function limitation requires that the prior art element perform the identical function specified in the claim. However, if a prior art reference teaches identity of function to that specified in a claim, then…an examiner carries the initial burden of proof for showing that the prior art

structure or step is the same as or equivalent to the structure, material, or acts described in the specification which has been identified as corresponding to the claimed means or step plus function." The "means or step plus function" limitation should be interpreted in a manner consistent with the specification disclosure. See *In re Donaldson Co.,* 16 F.3d 1189, 29 USPQ2d 1845 (Fed. Cir. 1994).

As can be readily appreciated, neither of the references of record disclose the same function of the preparation of a consolidated financial report, nor do they teach the manner in which an appropriation device means can accomplish this portion of our present invention.

In view of the amendment to the claims, it is believed that the application is now in condition for allowance and an early notification of the same is requested.

If the Examiner believes a telephone interview will help further the prosecution of this application, the undersigned attorney can be reached at the listed phone number.

Very truly yours,

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